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LIST OF PRE-FILED TESTIMONIES IN NMPRC CASE NO. 04-00403-UT

PARTY	TESTIMONY
Qwest	Direct Testimony of Dennis Pappas and Lynn Notarianni Qwest Corporation, January 23, 2004
Qwest	Direct Testimony of Teresa K. Million Dated Qwest Corporation, January 23, 2004
Covad	Direct Testimony of Michael Zulevic Filed on Behalf of Dieca Communications, Inc., D/B/A Covad Communications Company, January 23, 2004
AT&T	Direct Testimony of Robert V. Falcone on Behalf of AT&T Communications of the Mountain States, Inc. Hot Cut Process, February 16, 2004
MCI	Joint Direct Testimony of Sherry Lichtenberg and Timothy J. Gates on Behalf of Worldcom, Inc. ("MCI"), January 23, 2004
Qwest	Rebuttal Testimony of Teresa K. Million Qwest Corporation, February 17, 2004
Qwest	Rebuttal Testimony of Dennis Pappas and Robert Weinstein Qwest Corporation, February 17, 2004
Covad	Batch Hot Cut Rebuttal Testimony of Michael Zulevic Filed on Behalf of Dieca Communications, Inc., D/B/A Covad Communications Company, February 17, 2004
AT&T	Rebuttal Testimony of Robert V. Falcone on Behalf of AT&T Communications of the Mountain States, Inc. Hot Cut and Batch Migration Processes, February 17, 2004
AT&T	Rebuttal Testimony of Arleen M. Starr on Behalf of AT&T Communications of the Mountain States, Inc. Hot Cut and Batch Migration Processes, February 17, 2004
MCI	Joint Rebuttal Testimony of Sherry Lichtenberg and Timothy J Gates on Behalf of Worldcom, Inc. ("MCI"), February 17, 2004
NMPRC Staff	Rebuttal Testimony of Michael S. Ripperger, February 17, 2004

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF IMPLEMENTATION OF A BATCH HOT CUT PROCESS	CASE NO. 03-00403-UT
	And
IN THE MATTER OF IMPAIRMENT IN ACCESS TO LOCAL CIRCUIT SWITCHING FOR MASS MARKET CUSTOMERS	CASE NO. 03-00404-UT

[PUBLIC VERSION]

DIRECT TESTIMONY OF

DENNIS PAPPAS AND LYNN NOTARIANNI

QWEST CORPORATION

JANUARY 23, 2004

NMPRC
STAFF EXHIBIT
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A. My academic credentials include a Bachelor of Science degree in Business Administration (BSBA) from Creighton University. I have also completed all coursework toward a Master of Science degree in Telecommunications at the University of Colorado.

II. EXECUTIVE SUMMARY AND ORGANIZATION OF TESTIMONY

Q. PLEASE SUMMARIZE THIS TESTIMONY.

A. The Federal Communications Commission ("FCC") directed state commissions to complete two tasks within nine months of the *Triennial Review Order*'s August 21, 2003 effective date. *First*, state commissions must approve an incumbent LEC process for migrating batches of stand-alone unbundled loops from the ILEC's switch to CLECs' switches or explain why such a process is unnecessary. The new process should be capable of migrating larger quantities of CLEC UNE-P lines to stand-alone unbundled loops within acceptable timeframes and at an acceptable level of quality, and should enable CLECs to realize any cost savings and operational efficiencies that may result from pre-wiring and cutting over many loops at a time in the same central office location, instead of one or two at a time. *Second*, state commissions must determine whether the improvements in loop provisioning yielded by this new process would make it economic for CLECs to serve mass-market customers in various markets without access to unbundled ILEC switching. This testimony describes the new region-wide batch hot cut process

("BHCP") that Qwest developed in conjunction with the CLECs in its region, and describes how that process eliminates any concern that Qwest's unbundled loop provisioning practices might "impair" CLECs from serving the mass market without unbundled ILEC switching.

Earlier in this docket, the parties "agree[d] that a single, uniform batch hot cut process for all states within the Qwest region provides the most efficient and effective operating environment for both Qwest and CLECs," and that it was "appropriate for the industry participants . . . to attempt to reach agreement on a batch hot cut process" to the extent possible.[1] Accordingly, all fourteen state commissions in Qwest's region agreed to participate in a consolidated forum to develop a region-wide batch hot cut process and to build the record for the states' individual *TRO* dockets. There is no doubt that the Forum was worthwhile. The new BHCP proposed here reflects the hard work of Qwest and the participating CLECs over the last two months and is the product of substantial give and take among the parties. Qwest and the CLECs were able to reach agreement on the broad outlines of a new BHCP and most of the operational details, and they were able to close the vast majority of the issues and questions that the CLECs had put on the table for resolution. A smaller number of operational issues went to impasse, along with (not surprisingly) the ultimate *TRO* question whether the process has improved sufficiently to permit the withdrawal of unbundled ILEC switching in

[1] See Joint Motion of Qwest, AT&T and MCI regarding adoption of a multistate Batch Hot Cut Forum. No CLEC in this state objected to this motion.

certain markets in this state. (A copy of the issues matrix from the Forum showing resolved and impasse issues is attached as Exhibit DP-1. An additional document, Exhibit DP-2 is a summary of only those issues which went to impasse during the Forum.

The BHCP proposed in this testimony will enable CLECs to order much larger quantities of standalone unbundled loops than they can today, at a lower TELRIC price,[2] and with predictable delivery intervals. CLECs (at their option) will be able to use the BCHP to convert both their existing base of UNE-P lines and batches of newly-acquired customers. The BHCP will be available as an additional option to the basic, coordinated, and project-managed hot cuts that Qwest offers today and that this Commission and the FCC reviewed in connection with Qwest's section 271 Application. CLECs desiring more coordination for the cutover of particular customers, or who wish to migrate loops with particular configurations preventing them from being batched for conversion on a consolidated and expedited basis, will continue to be able to use existing migration options.

The BHCP is premised on the fact that for the vast majority of hot cuts that CLECs request today and would require going forward, the conversion entails the simple reuse of facilities already being used (and thus known to be working), does not require the dispatch of a technician to the field, and requires only minimal coordination between the ILEC and the CLEC *as long as* the CLEC actually

[2] In those states where Commissions have set the NRC for the basic installation well below the cost of providing it, the NRC price may not be lower.

delivers working dial tone to the ILEC's frame before the conversion is to take place. The central office ("CO") tasks for these simpler migrations — the pre-wiring of the CLEC's connecting facility assignment ("CFA") to the ILEC's frame, and the actual "lift and lay" of the end user's loop from the frame termination of the ILEC's switch to the CLEC's CFA — can be performed on a consolidated basis. When a sufficient number of these conversions (at least 25) are performed at the same time in the same central office location, the ILEC (and hence the CLEC) can achieve significant time and cost savings by performing these tasks in efficient batches and moving through the central office in a logically-planned sequence.

At the same time, the CLECs at the multi-state forum forthrightly acknowledged that the widespread (in AT&T's word, "epidemic"[3]) failure of *CLECs* to have working dial tone ready on their CFA today requires Qwest to engage in redundant testing and back-and-forth communication with the CLECs that interrupts the process flow and adds additional steps and costs.[4] AT&T, Covad, McLeod, and MCI all agreed that in the context of these large-scale, expedited migrations, it is a "reasonable compromise"[5] to require CLECs to commit to providing working dial tone by the cut-over date, and to remove unready lines

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[3] 1/8/04 Tr. at 144:5 (John Finnegan, AT&T) (describing "alleged epidemic of no dial tone situations"); *id.* at 144:27-145-8 (Dennis Pappas, Qwest) (noting that today CLECs fail to provide working dial tone on the pre-wire date 50 percent of the time, and agreeing with AT&T's characterization of this as an "epidemic").

[4] *See, e.g.*, 1/8/04 Tr. at 146:9-22 (John Finnegan, AT&T) (acknowledging that Qwest must perform extra unnecessary work when "CLECs are systematically failing to have dial tone" ready, and describing this as "a waste of time"); 1/7/04 Tr. at 22:24-23:3 (Michael Zulevic, Covad) ("I understand the frustration with CLECs who procrastinate on doing their translations, and on cut date they are not ready, and that is something that should be dealt with . . . .").

[5] 1/7/04 Tr. at 36:23 (John Finnegan, AT&T).

from the conversion process.[6] The BHCP proposed in this testimony reflects this consensus and achieves additional efficiencies by removing redundant testing steps and greatly streamlining the process on the day of cut.

Qwest's proposed region-wide BHCP does the following:

- It enables multiple CLECs at a time to convert significantly larger volumes of UNE-P lines to stand-alone unbundled loops simultaneously, and to do so quickly enough to meet the *Triennial Review Order*'s transition timetable.

- It provides CLECs with a fixed, seven business day provisioning interval for batches of 25 to 100 lines in a single central office, as compared to the SGAT's current individual-case-basis ("ICB") negotiated interval for LSRs containing 25 lines or more. This proposed seven-day interval is much shorter than any other RBOC has offered to date.

- As the testimony of Million demonstrates, in virtually every state, the per-line non-recurring costs of an eligible hot cut is significantly reduced from the basic hot cut rate.

- It takes advantage of the ability to streamline and consolidate conversions involving the reuse of in-service facilities, while preserving all existing (New Mexico Commission-approved) hot cut options for other kinds of conversions for CLECs that prefer a greater degree of coordination.

- It dedicates teams of central office technicians exclusively to performing these batch conversions outside normal business hours, thereby avoiding any interference with any other network provisioning activities.

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[6] *See, e.g.*, 1/7/04 Tr. at 36:21-37:5 (John Finnegan, AT&T) ("I think that is a reasonable, compromise, where Qwest does the dial tone check, perhaps the ANI check, two days [in advance] or on DVA. If there's a problem, you notify us. It gives us two days to try and diagnose where the problem exists and try and take corrective action. If on the day of the cut you find there is still no dial tone, then pull it from the batch, no exceptions."); *id.* at 173:14-174:2 (John Finnegan, AT&T) (endorsing Qwest proposal to perform early dial-tone check but eliminate same-day CFA changes); *id.* at 172:20-23 (Patty Lynott, McLeod) (same; "[T]his process works well . . . and we appreciate that Qwest is checking for dial tone ahead of time."); *id.* at 174:9:19 (Sherry Lichtenberg, MCI) (same; "We are very pleased Qwest has met us halfway on this, and we accept the proposal."); *id.* at 174:24-175:2 (Michael Zulevic, Covad) (same).

- It minimizes customer disruption by scheduling lifts and lays during a time when business and residential customers are least likely to be receiving calls, and by giving CLECs the option of receiving *instantaneous* notification of both when the cutover of a batch is beginning and when the cutover of a given line is complete, signaling the CLEC to port the customer's number.

- It eliminates all need for up-front coordination between Qwest and the CLEC (except for the transition planning that the *Triennial Review Order* requires following a "no impairment" finding) by offering CLECs an electronic tool for scheduling their own cutover days.

- At the CLECs' request, it provides a web-based status tool that CLECs may use to review the results of their dial-tone checks and the progress of their cutovers, thus avoiding much of the need for e-mails and telephone calls.

- It gives CLECs early warning (at the time of prewiring) of potential problems with their facilities and gives them two to three days to fix any problems, thus greatly streamlining work on the day of cut.

- It gives CLECs an ample margin of error so that CLEC mistakes on a single line within the batch will not jeopardize an entire batch.

- As Hitachi Consulting has independently verified, it presents a process that works, and provides CLECs with the necessary assurances that Qwest will continue to provision unbundled analog loops using this new process at an acceptable level of quality.

- Finally, as Hitachi Consulting has also verified, it will be able to handle current and expected volumes of UNE-L orders and conversion of the embedded base of UNE-P lines over the course of the TRO's transition period, even assuming the worst case scenario that all existing UNE-P lines in affected areas would transition to UNE-L using the batch hot cut process.

These improvements make Qwest's already strong loop provisioning process even stronger, and eliminate any possible concern that Qwest's ability to provision stand-

alone unbundled loops would prevent an efficient CLEC from being able to serve mass-market customers economically in the absence of unbundled ILEC switching. The Commission should approve Qwest's proposed batch hot cut process, find that Qwest's process can manage anticipated volumes, and find that Qwest's batch hot cut process eliminates any arguable operational impairment with respect to analog loop provisioning.

Q. HOW IS THIS TESTIMONY ORGANIZED?

A. The testimony is broken into nine sections: Section I provides background on the witnesses. Section II provides an executive summary. Section III discusses the *TRO* requirements for a batch hot cut process. Section IV summarizes Qwest's existing hot cut process and current performance. Section V explains Qwest's current Operations Support Systems ("OSS") and the Change Management Process ("CMP") for implementing OSS changes. Section VI describes the region-wide Batch Hot Cut Forum ("BHCF"). Section VII details Qwest's proposed batch hot cut process and describes the efficiencies achieved by the process. Section VIII discusses each impasse issue remaining after the Forum and recommends solutions. Finally, Section IX addresses the question of impairment and loop provisioning issues outside the BHCP.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF IMPLEMENTATION OF A BATCH HOT CUT PROCESS	))	Case No. 03-00403-UT
		and
IN THE MATTER OF IMPAIRMENT IN ACCESS TO LOCAL CIRCUIT SWITCHING FOR MASS MARKET CUSTOMERS	)))))	Case No. 03-00404-UT

DIRECT TESTIMONY OF

TERESA K. MILLION

QWEST CORPORATION

JANUARY 23, 2004

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EXECUTIVE SUMMARY

Purpose of Testimony

The purpose of my testimony is to present the nonrecurring Total Element Long Run Incremental Cost ("TELRIC") study used to support the price for Qwest's Batch Hot Cut ("BHC") installation option. In addition, I will present batch hot cut volume estimates demonstrating that Qwest can handle projected batch hot cut order volumes.

TELRIC Principles

The Qwest TELRIC studies identify the *forward-looking* direct costs that are caused by the provision of an interconnection service or network element in the *long run*, plus the forward-looking incremental cost of shared facilities and operations. These studies identify *total element* costs—the average incremental cost of providing the entire quantity of the element. The assumptions, methods, and procedures used in the Qwest cost studies are designed to yield the forward-looking *replacement* costs of reproducing the telecommunications network.

Qwest's TELRIC studies are in complete compliance with the Telecommunications Act of 1996, and are consistent with the FCC's TELRIC principles, as defined in the FCC's First Interconnection Order. The TELRIC cost data presented in my testimony should be utilized to set the price for batch hot cuts.

The Qwest BHC TELRIC Study

Methodology- The Qwest BHC nonrecurring cost study identifies the one-time costs that are incurred at the time a customer's UNE loop is provisioned using the BHC process. These costs result from a CLEC batch order and are labor-related. In addition, the BHC nonrecurring cost study includes the costs Qwest will incur to develop the mechanized systems necessary to support the BHC process, such as the "appointment scheduler" and "batch status tool."

The BHC cost study identifies costs for the activities depicted in the "Proposed Batch Hot Cut Provisioning Flow" provided in Exhibit DP-10 of Mr. Pappas' testimony. The study identifies costs for activities that always must be performed manually (e.g., pre-wiring at the CO frames) and activities that must be performed manually when an order "falls out" of a mechanized process. Based on input from subject matter experts ("SMEs"), the cost study estimates the *work time* associated with each *manual* activity and the *probability* that each manual activity will occur, along with the appropriate labor rate. The time estimates, probabilities and labor rates are used to develop the direct nonrecurring cost of each work activity using the following formula:

Activity time * Probability of Occurrence* Labor Rate = Cost of Activity

The costs for all BHC activities are then aggregated into a total BHC direct nonrecurring cost, and annual cost factors are applied to estimate shared and common costs.

BHC Cost Results - The nonrecurring BHC cost study is provided in Exhibit TKM-1. The BHC nonrecurring cost (TELRIC plus Common) is $45.96 per loop installed.

Analysis of Work Activities - My testimony provides an analysis of the work activities, work times and probabilities for each work center that will be involved when a BHC loop is requested by a CLEC. The study identifies costs for following work centers:

- Interconnection Service Center ("ISC")
- Loop Provisioning Center
- Design Center
- Central Office Resource Administration Center ("CORAC")
- Central Office Technicians
- CLEC Coordination Center ("QCCC")

As described in my testimony, Qwest will experience efficiencies via the BHC process that reduce the cost as compared to the basic loop installation option. Central Office technician time is reduced, and QCCC work is significantly reduced.

Volumes Data

Exhibit TKM-2 provides an estimate of the aggregate Qwest UNE-P migration volumes that would be experienced over the FCC's 27 month migration period. Exhibit TKM-3 provides an analysis of the potential UNE-L volumes in the highest volume office in New Mexico. My testimony describes each of these exhibits in detail, and explains how this data should be used. The testimony of Mr. Pappas and the attached Hitachi Consulting report will draw conclusions from the data and explain how the data should be used in evaluating Qwest BHC proposal.

Recommendation

The Commission should accept the TELRIC study filed by Qwest as basis for the BHC nonrecurring rate.

BEFORE THE
NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF IMPLEMENTATION OF BATCH CUT PROCESS	)	**Case No. 03-00403-UT**
	)	**and**
IN THE MATTER OF IMPAIRMENT IN ACCESS TO LOCAL CIRCUIT SWITCHING FOR MASS MARKET CUSTOMERS	)	**Case No. 03-00404-UT**

DIRECT TESTIMONY OF

MICHAEL ZULEVIC

FILED ON BEHALF OF

DIECA COMMUNICATIONS, INC.,

D/B/A COVAD COMMUNICATIONS COMPANY

January 23, 2004

II. INTRODUCTION: PURPOSE AND SUMMARY OF TESTIMONY

Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A: The purpose of this testimony is to describe the concerns Covad has with Qwest's batch hot cut ("BHC") proposal, and to enumerate the problems with that proposal. I will also detail why the defects and deficiencies in Qwest's BHC proposal make it both uneconomic and inefficient for competitors to use a UNE-L delivery mechanism in the local market. I also intend to outline the significant, ongoing operational obstacles Covad faces as it attempts to partner with UNE-P and UNE-L voice providers to offer a bundled voice and data product in light of the deficient BHC process. The operational impediments and issues I describe in this testimony are those that (1) must be taken into account when the Commission decides whether competitors really can provide service successfully to the mass market using a UNE-L strategy if consigned to the BHC process Qwest has proposed, and (2) must be corrected if a UNE-L delivery mechanism is to be used successfully to provide service.

Q. WHAT IS THE GENESIS OF YOUR TESTIMONY?

A. In its Triennial Review Order ("TRO"), the FCC made a national finding that CLECs are impaired without access to unbundled local switching ("UBS") when providing service to the mass market. (TRO, ¶ 419). The FCC's impairment determination was grounded in economic and operational factors – largely stemming from existing hot cut processes -- that demonstrated, to the FCC's satisfaction, that impairment exists without access to UBS. (TRO, ¶¶ 461-484). The FCC found that the current ILEC hot cut process raises competitors' costs,

lowers their quality of service, and delays the provisioning of service, creating an insurmountable barrier to entry to carriers seeking to serve the mass market.

In order to promote the ability of competitors to use their own switches to serve the mass market, the FCC stated that state commissions "must" approve and implement, within nine months, a batch hot cut process that will render the hot cut process more efficient and reduce per-line costs. (TRO, ¶ 487). The FCC ordered state commissions to establish a batch hot cut process that is more efficient and reduces per line costs or issue detailed findings explaining why such a process is unnecessary.

Here, Qwest is challenging the finding that CLECs are impaired without access to UBS. Consequently, the Commission "must" approve a batch hot cut process that is efficient and cost effective such that CLECs can actually use their own switches to serve the mass market. Accordingly, my testimony is designed to illuminate for the Commission the significant problems that still exist with Qwest's BHC process and which must be corrected if CLECs are actually going to be able to use their own switches.

III. BHC AND DATA SERVICES

Q. WHAT IS A "HOT CUT"?

A. A "hot cut" describes the cut-over of a working loop from one carrier's switch to another carrier's switch with little to no disruption of service. Today, hot cuts are ordered primarily by voice carriers. The FCC defined a "batch cut" process as a process by which Qwest or the ILECs, generally speaking, simultaneously migrate two or more loops from one carrier's local circuit switch to another carrier's local circuit switch. The FCC found, and correctly so, that the migration of numerous

V. CONCLUSION

Q. WHAT CONCLUSIONS SHOULD THE COMMISSION DRAW FROM YOUR TESTIMONY?

A: The ultimate goal of competition is to give customers choices of providers, innovative services, and competitive prices. Qwest's current "process" for installing new batches of loop splitting customers, and migrating line shared or UNE-P line splitting customers to UNE-L loop splitting arrangements ensures a difficult, if not horrific, customer service experience. Unless Qwest develops, tests, and implements successfully a process to perform efficient and economic hot cuts to (1) install new loops splitting customers, and/or (2) migrate efficiently and economically UNE-P line splitting or line sharing arrangements to UNE-L loop splitting arrangements, Covad and its voice partners will be at a significant competitive disadvantage. Accordingly, until this Commission approves a batch hot process for voice plus data loops that is sufficient to eliminate these anti-competitive roadblocks, unbundled local switching for the mass market customers cannot be eliminated as a UNE. Indeed, if the Commission were to eliminate CLEC UNE access to UBS before resolving all the provisioning and hot cut problems described in my testimony, CLECs' ability to provide New Mexico consumers with competitive voice and data services would cease.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. This concludes my Direct Testimony, however, I anticipate filing all responsive testimony permitted by the Commission, and being presented for cross examination at the hearing on the merits.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF IMPLEMENTATION OF A BATCH CUT PROCESS	)	Case No. 03-00403-UT

AND

IN THE MATTER OF IMPAIRMENT IN ACCESS TO LOCAL CIRCUIT SWITCHING FOR MASS MARKET CUSTOMERS	)	Case No. 03-00404-UT

DIRECT TESTIMONY

OF

ROBERT V. FALCONE

ON BEHALF OF

AT&T COMMUNICATIONS OF THE MOUNTAIN STATES, INC.

HOT CUT PROCESS

FEBRUARY 16, 2004

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME FOR THE RECORD.

A. My name is Robert V. Falcone.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am a self-employed telecommunications and management consultant retained by AT&T to assist with its efforts on the TRO hearings in the states.

Q. HAVE YOU OFFERED OTHER TESTIMONY IN THIS PROCEEDING?

A. Yes, I have testified on behalf of AT&T and TCG on network architecture issues. My work and educational experience are described in that testimony.

Q. WHAT ISSUES DOES THIS TESTIMONY ADDRESS?

A. This testimony describes the current hot cut process and other operational impairments that Competitive Local Exchange Carriers ("CLECs") would face if there were no unbundled switching available in New Mexico.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. First, I address the operational and economic barriers presented by the current hot cut process. This section of my testimony introduces the findings of the Federal Communications Commission ("FCC") in the Triennial Review Order ("TRO"). It summarizes the FCC's conclusion that CLECs are impaired without access to unbundled local switching as a result of economic and operational impairment, among other things, related to the hot cut process and it describes certain aspects

of the FCC's directions to the Commission regarding the FCC's finding of impairment.

Second, I describe the specifics of the ILEC hot cut process and AT&T's experience with hot cuts as a CLEC. My testimony summarizes why AT&T has chosen the unbundled network element platform ("UNE-P") as its market entry strategy and describes specific concerns related to hot cuts.

Third, my testimony discusses the number of hot cuts to be expected and other new operational constraints that would arise if unbundled local switching were no longer available to CLECs, meaning that all customer conversions would require a hot cut loop migration. Further, my testimony illustrates why no manually-based process is capable of ensuring a seamless, low cost migration of loops that is equivalent to the ease with which customers are migrated using UNE-P today.

II. BACKGROUND: THE OPERATIONAL AND ECONOMIC BARRIERS PRESENTED BY THE CURRENT HOT CUT PROCESS

Q. WHAT IS A HOT CUT?

A. Whenever a customer seeks to move his or her local service from one switch-based carrier to another, the connection between the customer's loop and the original carrier's switch must be broken and a new connection must be established between that loop and the new carrier's switch. Because the customer's loop is lifted or "cut" while it is still in active service (*i.e.*, the loop is "hot"), the process used to transfer loops has become known as a "hot cut." The hot cut process involves two separate changes to the customer's service that must be coordinated

VI. RECOMMENDATIONS ON EVALUATING THE HOT CUT PROCESS

Q. DID THE FCC IDENTIFY A STANDARD AGAINST WHICH AN ILEC'S HOT CUT PROCESS SHOULD BE MEASURED?

A. Yes. In describing a hot cut process that demonstrated "consistently reliable performance," the FCC recognized that for the migration of customers, UNE-P should be the standard of performance. The FCC stated: "This review is necessary to ensure that customer loops can be transferred from the incumbent LEC main distribution frame to a competitive LEC collocation *as promptly and efficiently as incumbent LECs can transfer customers using unbundled local circuit switching*."[37] Thus, the appropriate comparison must be whether the ILEC can move customers served by UNE-L at the same volumes and performance levels as UNE-P. This is perfectly logical, since CLECs would be forced to abandon UNE-P and substitute UNE-L if they are denied access to unbundled local switching.

Moreover, such a standard is required in order to provide parity to all carriers that seek to provide a bundle of both local and long distance services to mass market customers. ILECs today can (and do) add large numbers of long distance customers through the electronic PIC process, which is very comparable to the electronic provisioning process used to provide UNE-P service. If CLECs cannot have the same ability to add local customers, they are seriously impaired in their ability to provide similar bundled offers. Indeed, the RBOCs themselves have recognized that the ability to offer such bundles is a major competitive advantage

[37] TRO at n. 1574 (emphasis added).

in fending off CLECs and/or winning back CLEC local customers. Further, since the FCC's impairment standard requires a review of all costs and revenues a CLEC would incur, including long distance, CLECs must have the same ability to offer local/long distance bundles as the ILEC.

Q. WHAT CHARACTERISTICS SHOULD BE INCLUDED IN ANY BATCH CUT PROCESS CONSIDERED BY THIS COMMISSION?

A. While any batch process will still continue to contain the same manual steps as the current process making it difficult to significantly reduce the economic and operational impairment, the development of a batch cut process by this Commission would be of some benefit to competition, because it would facilitate CLECs' use of non-ILEC facilities in the limited situations where it is otherwise feasible to do so. From AT&T's perspective, the process should, at a minimum, address the elements contained in **Exhibit 2** attached.

Q. IF THIS COMMISSION ORDERS, AND THE ILEC SUCCESSFULLY IMPLEMENTS A BATCH HOT CUT PROCESS, WILL THAT SUFFICIENTLY ADDRESS IMPAIRMENT ISSUES?

A. No. Although a batch process may increase Qwest's hot cut throughput capabilities the opportunity for human error caused by the manual work steps involved with this process resulting in prolonged customer outages will never make it sufficient to support mass market migrations. And even if the ILEC charges for hot cuts were reduced, that would affect only one of many additional costs that only CLECs face in attempting to provide service using non-ILEC switches, as more fully described in my network architecture testimony.

VII. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The process of migrating customers to a CLEC-owned switch using an ILEC loop, the so-called "hot cut process," is extremely dependent on manual work, rendering the process prohibitively expensive, highly error prone with resulting impacts to customer service, and not scalable to handle reasonable commercial volumes. As such, CLECs will remain impaired by any manual hot cut or loop migration process. Even the best manual processes that could be operationalized today, including batch migration processes, cannot satisfy the requirements needed to eliminate the CLECs' operational impairment in attempting to compete for mass-market customers. Accordingly, this Commission should develop and approve a comprehensive review process to insure any process put forth by Qwest will deliver as advertised and could evaluate the extent to which CLECs remain impaired.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

IN THE MATTER OF IMPLEMENTATION
OF A BATCH CUT PROCESS Case No. 03-00403-UT

and

IN THE MATTER OF IMPAIRMENT IN ACCESS
TO LOCAL CIRCUIT SWITCHING FOR
MASS MARKET CUSTOMERS Case No. 03-00404-UT

JOINT DIRECT TESTIMONY

Of

SHERRY LICHTENBERG and TIMOTHY J GATES

On behalf of

WORLDCOM, INC. ("MCI")

January 23, 2004

above, a list of proceedings in which I have filed testimony or provided comments is attached hereto as Exhibit TJG-1.

Q. ON WHOSE BEHALF WAS THIS TESTIMONY PREPARED?

A. This joint testimony was prepared on behalf of WorldCom, Inc. and its regulated subsidiaries ("MCI").

II. PURPOSE AND BACKGROUND

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of our testimony is threefold:

(1) we describe for the Commission FCC rule §51.319(d)(2)(ii) and explain the manner by which the Commission can best fulfill its obligations included therein,

(2) we briefly discuss the relationship between rule §51.319(d)(2)(ii) which is the focus of this proceeding, and §51.319(d)(2)(iii) as it relates to impairment faced by CLECs without access to unbundled local switching, and

(3) we evaluate Qwest's "Batch Hot Cut ("BHC") Proposal" in relation to the requirements of rule §51.319(d)(2)(ii) (and to a lesser extent, the impact of Qwest's proposal on issues related to impairment).

III. SUMMARY OF CONCLUSIONS

Q. CAN YOU BRIEFLY SUMMARIZE YOUR PRIMARY CONCLUSIONS?

A. Yes. Our primary conclusions can be categorized and summarized as follows:

Mechanization

(1) The FCC has found that incumbent local exchange carrier ("ILEC") hot cut processes as they currently exist are a source of impairment for carriers attempting to use their own facilities to serve mass market customers. Specifically, the FCC pointed to the overly manual nature of existing hot cut processes as the primary